

NEWS

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Former UBS Computer Systems Manager Gets 97 Months
for Unleashing “Logic Bomb” on Company Network

(More)

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NEWARK, N.J. – A disgruntled former UBS Paine Webber systems administrator convicted in July was sentenced today to 97 months in federal prison for securities and computer fraud connected to his use of a malicious code, known as a “logic bomb” that disrupted the company’s operations and caused more than \$3 million in damage and repair costs to the UBS computer network, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Joseph A. Greenaway, Jr. also ordered Roger Duronio, 64, of Bogota, N.J. to make \$3.1 million in restitution to UBS Paine Webber. Under the advisory U.S. Sentencing Guidelines, Duronio faced a sentencing range of between 78 and 97 months, and Judge Greenaway sentenced him at the top of that range. There is no parole in the federal system.

Judge Greenaway ordered Duronio to turn himself in once a prison facility is designated by the federal Bureau of Prisons. Judge Greenaway modified Duronio’s \$1 million secured bond by adding house arrest and ordered Duronio’s wife to sign an appearance bond that would make her personally financially responsible as well in the event he flees.

“This was a fitting, appropriately long sentence,” said Christie. “Duronio acted out of misplaced vengeance and greed. He sought to do financial harm to a company and to profit from that, but he failed on both counts. The jury recognized this, and the judge did too by imposing a sentence at the top of the applicable range.”

On July 19, a jury in its fourth day of deliberations found Duronio guilty of one count of securities fraud and one count of fraud and related activity in connection with computers (computer fraud). The jury acquitted Duronio of two counts of mail fraud

The securities fraud count related to Duronio’s purchase of put option contracts which he bought on the belief that the widespread damage he would inflict with the logic bomb would cause UBS Paine Webber’s stock price to drop steeply. (In fact, the stock remained stable after the logic bomb was unleashed, and Duronio lost all of his \$23,000 investment, according to trial testimony.)

Trial testimony revealed that Duronio’s motive was that he was angry with the company, where he had worked for nearly two years, because the \$32,500 annual bonus he received in 2002 was less than the \$50,000 he was expecting.

Duronio worked at PaineWebber’s offices in Weehawken, N.J., and was with the company for two years while he served as a system administrator. He planted the logic bomb in some 1,000 of PaineWebber’s approximately 1,500 networked computers in branch offices around the country. Duronio, who repeatedly expressed dissatisfaction with his salary and bonuses at Paine Webber, resigned from the company on Feb. 22, 2002.

Testimony and evidence at trial revealed that on March 4, 2002, the logic bomb “detonated” as Duronio planned and began deleting files on over 1,000 UBS PaineWebber computers. According to expert witness testimony for the government, the Duronio computer-user account was used to create, modify, disseminate and install the logic bomb on the UBS computers. There was also a direct link from Duronio’s home computer to the creation of the logic bomb.

It cost PaineWebber more than \$3 million to assess and repair the damage.

In anticipation that the stock price of UBS PaineWebber’s parent company, UBS, A.G., would decline in response to damage caused by the logic bomb, Duronio also purchased more than \$21,000 in “put option” contracts for UBS, A.G.'s stock. A put option is a type of security that increases in value when a stock price drops. Market conditions at the time suggest there was no such impact on the UBS, A.G. stock price.

Trial testimony revealed that the day the defendant quit his job from UBS he walked out of their offices and straight to his broker’s office to bet against UBS. Duronio’s broker, Gerry Speziale, testified that an angry Duronio came to his office and said words to the effect, “God knows what I can do to get even.”

Another broker testified that Duronio was adamant that he wanted to bet \$20,000 that the company’s stock would plummet within a few days, despite the broker’s advice that the strategy was risky and potentially disastrous. Duronio placed his last trade on March 1, 2002, and the logic bomb attack occurred on March 4, 2002 at 9:30 a.m.

PaineWebber promptly reported what had happened to government investigators and the U.S. Attorney’s Office, and cooperated during the investigation and the trial, in which several employees testified for the government about the damage Duronio inflicted.

Christie credited Special Agents of the U.S. Secret Service’s Electronic Crimes Task Force, under the direction of David O’Connor, Special Agent in Charge of the Secret Service in New Jersey, with bringing the case against Duronio. Christie also credited the assistance of UBS PaineWebber in the investigation and cooperation during the trial.

The case was prosecuted by Assistant U.S. Attorney’s V. Grady O’Malley and former Assistant U.S. Attorney Mauro Wolfe.

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Defense Counsel: Christopher Adams, Esq. Roseland